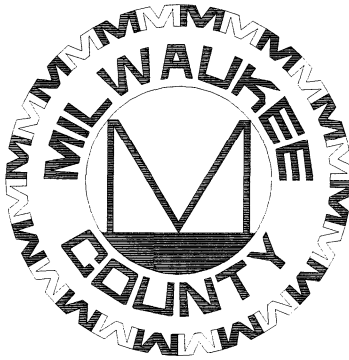


COUNTY OF MILWAUKEE
Statement of Net Assets
December 31, 2008
(In Thousands)

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 56,046	\$ 5,049	\$ 61,095	\$ 930
Accrued Liabilities	34,347	2,736	37,083	963
Accrued Interest Payable	5,392	1,115	6,507	55
Accrued Pension Payable	39,850	-	39,850	-
Due to Other Governments	1,117	-	1,117	-
Unearned Revenues	275,812	10,786	286,598	1,631
Bonds and Notes Payable - General Obligation	44,967	3,579	48,546	378
Bonds and Notes Payable - Revenue	-	7,520	7,520	-
Net Pension Obligation	6,540	-	6,540	-
Unfunded Claims and Judgments	1,000	-	1,000	-
Landfill Postclosure Costs	395	-	395	-
Compensated Absences Payable	24,184	6,372	30,556	-
Risk Claims	7,007	5,177	12,184	-
Capital Leases	426	144	570	36
Other Current Liabilities	549	2,556	3,105	136
Accrued Pension and Postretirement Benefits	-	-	-	130
Total Current Liabilities	497,632	45,034	542,666	4,259
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	365,851	22,864	388,715	17,060
Bonds and Notes Payable - Revenue	-	169,295	169,295	-
Net Pension Obligation	31,826	-	31,826	-
Unfunded Claims and Judgments	19,000	-	19,000	-
Landfill Postclosure Costs	3,850	-	3,850	-
Pollution Remediation Costs	315	-	315	-
Compensated Absences Payable	27,986	6,410	34,396	-
Risk Claims	3,560	3,336	6,896	-
Other Post Employment Benefits	104,913	4,097	109,010	-
Capital Leases	4,077	101	4,178	79
Other Noncurrent Liabilities	-	-	-	1,906
Accrued Pension and Postretirement Benefits	-	-	-	8,052
Total Noncurrent Liabilities	561,378	206,103	767,481	27,097
Total Liabilities	1,059,010	251,137	1,310,147	31,356
NET ASSETS				
Unrestricted (Deficit)	(151,947)	2,777	(149,170)	(4,815)
Restricted for:				
Debt Service	10,757	14,000	24,757	-
Aging Care Maintenance Organization	6,142	-	6,142	-
Capital Asset Needs	-	5,115	5,115	-
Airport - PFC and Debt	34,082	-	34,082	-
Behavioral Health Division	9,344	-	9,344	-
Museum	-	-	-	8,321
Other	2,021	-	2,021	265
Invested in Capital Assets, Net of Related Debt	222,474	177,253	399,727	12,275
Total Net Assets	132,873	199,145	332,018	16,046
Total Liabilities and Net Assets	\$ 1,191,883	\$ 450,282	\$ 1,642,165	\$ 47,402

The notes to the financial statements are an integral part of this statement.



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COUNTY OF MILWAUKEE
Statement of Activities
For The Year Ended December 31, 2008
(In Thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating		Primary Government		Total	
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
Legislative, Executive and Staff	\$ (54,395)	\$ 4,806	\$ 4,839	\$ 1,164	\$ (43,586)	\$ -	\$ (43,586)	\$ -
Courts and Judiciary	(67,435)	6,209	21,595	-	(39,631)	-	(39,631)	-
General Governmental Services	(8,912)	5,181	247	-	(3,484)	-	(3,484)	-
Public Safety	(180,186)	11,337	21,766	-	(147,083)	-	(147,083)	-
Public Works and Highways	(81,522)	27,321	17,280	5,231	(31,690)	-	(31,690)	-
Human Services	(675,169)	319,912	259,845	-	(95,412)	-	(95,412)	-
Parks, Recreation and Culture	(85,321)	33,104	4,001	-	(48,216)	-	(48,216)	-
Interest	(16,351)	-	-	-	(16,351)	-	(16,351)	-
Total Governmental Activities	(1,169,291)	407,870	329,573	6,395	(425,453)	-	(425,453)	-
Business-Type Activities:								
Airport	(77,432)	74,221	-	10,354	-	7,143	7,143	-
Transit	(174,725)	56,501	88,522	569	-	(29,133)	(29,133)	-
Total Business-Type Activities	(252,157)	130,722	88,522	10,923	-	(21,990)	(21,990)	-
Total Primary Government	\$ (1,421,448)	\$ 538,592	\$ 418,095	\$ 17,318	(425,453)	(21,990)	(447,443)	-
Component Units:								
Museum	\$ (13,782)	\$ 18,884	\$ 3,503	-	-	-	-	8,605
War Memorial Center	(2,874)	312	1,748	-	-	-	-	(814)
Marcus Center	(10,546)	5,995	1,280	-	-	-	-	(3,271)
Research Park Corporation	(1,156)	133	-	-	-	-	-	(1,023)
Total Component Units	\$ (28,358)	\$ 25,324	\$ 6,531	\$ -	-	-	-	3,497
General Revenues:								
Property Taxes					251,495	-	251,495	-
Sales Taxes					67,112	-	67,112	-
Intergovernmental Revenues Not Related to Specific Program					39,734	-	39,734	-
Investment Income					13,516	1,417	14,933	4,143
Gain on Sale of Capital Assets					146	18	164	-
Other -- Revenue					17,037	-	17,037	1,858
Transfers					(16,103)	16,103	-	-
Total General Revenues and Transfers					372,937	17,538	390,475	6,001
Change in Net Assets					(52,516)	(4,452)	(56,968)	9,498
Net Assets -- Beginning					185,389	203,597	388,986	6,548
Net Assets -- Ending					\$ 132,873	\$ 199,145	\$ 332,018	\$ 16,046

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Balance Sheet
Governmental Funds
December 31, 2008
(In Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 97,374	\$ 11,117	\$ 18,784	\$ 11,464	\$ 138,739
Cash and Investments -- Restricted	6,142	-	-	34,082	40,224
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	12,550	50	-	-	12,600
Property Taxes:					
Current Levy	258,479	-	-	-	258,479
Delinquent	15,850	-	-	-	15,850
Accrued Interest	6,744	-	-	-	6,744
Notes Receivable	968	1,926	-	-	2,894
Other	14,230	-	109	-	14,339
Due From Other Governments	44,124	-	490	-	44,614
Inventories	1,012	-	-	-	1,012
Prepaid Items	81	-	-	-	81
Total Assets	<u>\$ 457,554</u>	<u>\$ 13,093</u>	<u>\$ 19,383</u>	<u>\$ 45,546</u>	<u>\$ 535,576</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 46,561	\$ -	\$ 7,788	\$ 99	\$ 54,448
Accrued Liabilities	33,937	410	-	-	34,347
Accrued Pension Payable	39,850	-	-	-	39,850
Other Liabilities	549	-	-	-	549
Due to Other Governments	1,117	-	-	-	1,117
Deferred Revenues	286,470	1,926	-	-	288,396
Total Liabilities	<u>408,484</u>	<u>2,336</u>	<u>7,788</u>	<u>99</u>	<u>418,707</u>
Fund Balance:					
Reserved for 2009 Appropriations	7,947	-	-	-	7,947
Reserved for 2010 Appropriations	4,144	-	-	-	4,144
Reserved for Debt Service	-	10,757	-	-	10,757
Reserved for Encumbrances	9,349	-	11,595	-	20,944
Reserved for Aging Care Maintenance Organization	6,142	-	-	-	6,142
Reserved for Inventories	1,012	-	-	-	1,012
Reserved for Health and Safety	-	-	-	136	136
Reserved for Zoo	-	-	-	685	685
Reserved for Parks	-	-	-	1,072	1,072
Reserved for Persons with Disabilities	-	-	-	128	128
Reserved for Behavioral Health Division	-	-	-	9,344	9,344
Reserved for Airport - PFC and Debt	-	-	-	34,082	34,082
Reserved for Delinquent Property Tax	10,487	-	-	-	10,487
Unreserved -- Designated for Economic Development	201	-	-	-	201
Unreserved -- Designated for Housing	2,193	-	-	-	2,193
Unreserved -- Designated for Aging CMO	4,115	-	-	-	4,115
Unreserved -- Designated for Investments	3,480	-	-	-	3,480
Total Fund Balance	<u>49,070</u>	<u>10,757</u>	<u>11,595</u>	<u>45,447</u>	<u>116,869</u>
Total Liabilities and Fund Balance	<u>\$ 457,554</u>	<u>\$ 13,093</u>	<u>\$ 19,383</u>	<u>\$ 45,546</u>	<u>\$ 535,576</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Assets
For the Year Ended December 31, 2008
(In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/08	\$	116,869
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**Total net assets reported for governmental activities in the
statement of net assets is different because of the following:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets, except for internal service funds, consist of:

Land	58,357
Construction in Progress	1,146
Land Improvements	230,829
Buildings and Improvements	543,031
Infrastructure	150,112
Machinery, Vehicles and Equipment	60,178
Less: Accumulated Depreciation	(475,137)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services including fleet management and facilities management. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:

17,016

Amounts to be collected under long-term receivables are not available to pay for the current period expenditures, and therefore are reported as deferred in the funds.

12,814

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate liabilities. These liabilities, except internal service fund liabilities, consist of:

Bonds and Notes Payable	(368,408)
Unamortized Debt Issuance Costs	302
Capital Leases	(3,050)
Net Pension Obligation	(38,366)
Unfunded Claims and Judgments	(20,000)
Landfill Postclosure Costs	(4,245)
Pollution Remediation Costs	(315)
Compensated Absences Payable	(46,589)
Other Post Employment Benefits	(96,713)

Interest on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of net assets.

(4,958)

Total Net Assets of Governmental Activities as of 12/31/08	\$	132,873
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132,873

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2008
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 355,455	\$ -	\$ 10,040	\$ -	\$ 365,495
Property Taxes	251,495	-	-	-	251,495
Sales Taxes	66,695	-	417	-	67,112
Charges for Services	367,915	-	-	11,992	379,907
Fines and Forfeits	3,375	-	-	-	3,375
Licenses and Permits	978	-	-	-	978
Investment Income and Rents	15,425	10	1,000	1,244	17,679
Other	21,203	11,180	3,267	558	36,208
Total Revenues	1,082,541	11,190	14,724	13,794	1,122,249
Expenditures:					
Current:					
Legislative, Executive and Staff	26,688	-	-	-	26,688
Courts and Judiciary	69,274	-	-	-	69,274
General Governmental Services	7,628	-	-	-	7,628
Public Safety	166,832	-	-	-	166,832
Public Works and Highways	17,495	-	-	10,987	28,482
Human Services	656,674	-	-	330	657,004
Parks, Recreation and Culture	72,350	-	-	980	73,330
Other	4,265	109	-	-	4,374
Capital Outlay	-	-	49,938	-	49,938
Debt Service:					
Principal Retirement	-	38,677	-	-	38,677
Interest	-	15,476	-	-	15,476
Total Expenditures	1,021,206	54,262	49,938	12,297	1,137,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	61,335	(43,072)	(35,214)	1,497	(15,454)
Other Financing Sources (Uses):					
General Obligation Bonds Issued	302	-	30,558	-	30,860
Premium on General Obligation Bonds	-	-	31	-	31
Capital Lease Issued	3,252	-	-	-	3,252
Transfers In	7,192	47,758	-	-	54,950
Transfers Out	(71,285)	-	(1,763)	-	(73,048)
Total Other Financing Sources (Uses)	(60,539)	47,758	28,826	-	16,045
Net Change in Fund Balances	796	4,686	(6,388)	1,497	591
Fund Balances - Beginning	48,274	6,071	17,983	43,950	116,278
Fund Balances - Ending	\$ 49,070	\$ 10,757	\$ 11,595	\$ 45,447	\$ 116,869

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance
of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2008
(In Thousands)

Net change in fund balances -- total governmental funds \$ 591

**Amounts reported for governmental activities in
the statement of activities are different because:**

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported as an expenditure in the Capital Project Fund	49,938
Capital outlay recorded in Internal Service Funds	(6,013)
Capital outlay reported as an expenditure in the General Fund	3,538
Items reported as capital outlay that were not capitalized	(2,780)
Depreciation reported in the government-wide statements	(34,366)
Net book value of assets retired	(114)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,961

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(30,860)
Debt allocated to Transit	185
Capital lease issued	(3,252)
Premium on debt issued	(31)
Principal repaid	38,677

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (443)

Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds. (1,124)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest Payable	356
Amortization of Bond Costs	(1,134)
Net Pension Obligation	(13,997)
Landfill Postclosure Costs	(10)
Pollution Remediation Costs	(315)
Compensated Absences Payable	(11)
Other Postemployment Benefits	(53,312)

Change in net assets of governmental activities	\$ (52,516)
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The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2008
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	\$ 360,549	\$ 376,006	\$ 355,455	\$ (20,551)
Property Taxes	251,890	251,890	251,495	(395)
Sales Taxes	65,209	65,209	66,695	1,486
Charges for Services	354,898	363,840	367,915	4,075
Fines and Forfeits	3,564	3,564	3,375	(189)
Licenses and Permits	1,003	1,003	978	(25)
Investment Income and Rents	12,440	12,440	15,425	2,985
Other	33,188	37,992	21,203	(16,789)
Total Revenues	<u>1,082,741</u>	<u>1,111,944</u>	<u>1,082,541</u>	<u>(29,403)</u>
Expenditures:				
Current:				
Legislative, Executive and Staff	28,927	30,453	28,383	2,070
Courts and Judiciary	69,017	69,847	69,705	142
General Governmental Services	7,826	7,891	7,634	257
Public Safety	164,978	167,422	168,130	(708)
Public Works and Highways	17,464	17,855	17,537	318
Human Services	662,761	683,264	659,634	23,630
Parks, Recreation and Culture	66,635	69,880	66,808	3,072
Other	232	15,275	6,281	8,994
Total Expenditures	<u>1,017,840</u>	<u>1,061,887</u>	<u>1,024,112</u>	<u>37,775</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>64,901</u>	<u>50,057</u>	<u>58,429</u>	<u>8,372</u>
Other Financing Sources (Uses):				
Application of Fund Balance				
Reserved for 2008 Appropriations	4,901	4,901	4,901	-
General Obligation Bonds Issued	-	-	302	302
Capital Lease Issued	-	-	3,252	3,252
Transfers In	-	-	7,192	7,192
Transfers Out	(63,271)	(48,427)	(71,285)	(22,858)
Transfers To Component Units	(6,531)	(6,531)	(6,531)	-
Total Other Financing Sources (Uses)	<u>(64,901)</u>	<u>(50,057)</u>	<u>(62,169)</u>	<u>(12,112)</u>
Net Change in Fund Balance	-	-	(3,740)	(3,740)
Fund Balances -- Beginning	<u>42,992</u>	<u>42,992</u>	<u>42,992</u>	-
Fund Balances -- Ending	<u>\$ 42,992</u>	<u>\$ 42,992</u>	<u>\$ 39,252</u>	<u>\$ (3,740)</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Balance Sheet
Proprietary Funds
December 31, 2008
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Assets				
Current Assets:				
Cash and Investments	\$ 29,968	\$ 14,832	\$ 44,800	\$ 26,895
Cash and Investments -- Restricted	28,575	-	28,575	-
Receivables:				
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	6,874	81	6,955	899
Other	79	3,414	3,493	-
Due From Other Governments	-	5,052	5,052	289
Inventories	-	2,944	2,944	568
Prepaid Items	-	316	316	133
Other Assets	-	258	258	-
Total Current Assets	<u>65,496</u>	<u>26,897</u>	<u>92,393</u>	<u>28,784</u>
Noncurrent Assets:				
Other Post Employment Benefit Asset	-	3,431	3,431	-
Capital Assets:				
Land	18,594	2,773	21,367	1,164
Construction in Progress	13,041	714	13,755	7,110
Land Improvements	145,236	6,560	151,796	10,579
Building and Improvements	282,976	60,231	343,207	102,320
Machinery, Vehicles and Equipment	8,579	144,113	152,692	81,817
Total Capital Assets	468,426	214,391	682,817	202,990
Less: Accumulated Depreciation	(193,785)	(134,574)	(328,359)	(144,285)
Total Capital Assets (Net)	<u>274,641</u>	<u>79,817</u>	<u>354,458</u>	<u>58,705</u>
Total Noncurrent Assets	<u>274,641</u>	<u>83,248</u>	<u>357,889</u>	<u>58,705</u>
Total Assets	<u>\$ 340,137</u>	<u>\$ 110,145</u>	<u>\$ 450,282</u>	<u>\$ 87,489</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 2,437	\$ 2,612	\$ 5,049	\$ 1,598
Accrued Liabilities	182	2,554	2,736	-
Accrued Interest Payable	815	300	1,115	434
Unearned Revenues	7,502	3,284	10,786	230
Due to Other Governments	-	-	-	-
Bonds and Notes Payable - General Obligation	1,210	2,369	3,579	4,832
Bonds and Notes Payable - Revenue	7,520	-	7,520	-
Compensated Absences	1,547	4,825	6,372	2,640
Risk Claims	-	5,177	5,177	7,007
Capital Leases	144	-	144	139
Other Liabilities	10	2,546	2,556	-
Total Current Liabilities	<u>21,367</u>	<u>23,667</u>	<u>45,034</u>	<u>16,880</u>
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	3,766	19,098	22,864	37,578
Bonds and Notes Payable - Revenue	169,295	-	169,295	-
Compensated Absences Payable	1,423	4,987	6,410	2,941
Risk Claims	-	3,336	3,336	3,560
Other Post Employment Benefits	4,097	-	4,097	8,200
Capital Leases	101	-	101	1,314
Total Long-Term Liabilities	<u>178,682</u>	<u>27,421</u>	<u>206,103</u>	<u>53,593</u>
Total Liabilities	<u>200,049</u>	<u>51,088</u>	<u>251,137</u>	<u>70,473</u>
Net Assets				
Unrestricted (Deficit)	2,281	496	2,777	1,616
Restricted for:				
Debt Service	14,000	-	14,000	-
Capital Asset Needs	5,115	-	5,115	-
Invested in Capital Assets, Net of Related Debt	118,692	58,561	177,253	15,400
Total Net Assets	<u>140,088</u>	<u>59,057</u>	<u>199,145</u>	<u>17,016</u>
Total Liabilities and Net Assets	<u>\$ 340,137</u>	<u>\$ 110,145</u>	<u>\$ 450,282</u>	<u>\$ 87,489</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Operating Revenues:				
Rentals and Other Service Fees	\$ 60,632	\$ 114	\$ 60,746	\$ 69,773
Admissions and Concessions	13,574	-	13,574	-
Transit Fares	-	53,201	53,201	-
Total Charges for Services	74,206	53,315	127,521	69,773
Other Revenues	15	3,186	3,201	501
Total Operating Revenues	74,221	56,501	130,722	70,274
Operating Expenses:				
Personnel Services	20,895	108,099	128,994	37,096
Contractual Services	18,472	28,525	46,997	12,218
Intra-County Services	10,412	816	11,228	5,092
Commodities	3,183	20,544	23,727	2,471
Depreciation and Amortization	14,107	12,819	26,926	7,663
Maintenance	487	443	930	1,154
Insurance and Claims	-	-	-	7,551
Client Payments	1,258	2,535	3,793	1,213
Total Operating Expenses	68,814	173,781	242,595	74,458
Operating Income (Loss)	5,407	(117,280)	(111,873)	(4,184)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	-	88,522	88,522	863
Gain on Sale of Capital Assets	18	-	18	146
Investment Income	1,417	-	1,417	-
Interest Expense	(8,618)	(944)	(9,562)	(1,631)
Total Nonoperating Revenues (Expenses)	(7,183)	87,578	80,395	(622)
Income (Loss) Before Contributions and Transfers	(1,776)	(29,702)	(31,478)	(4,806)
Capital Contributions	10,354	569	10,923	2,368
Transfers In	97	19,048	19,145	4,382
Transfers Out	(2,758)	(284)	(3,042)	(2,387)
Change in Net Assets	5,917	(10,369)	(4,452)	(443)
Net Assets -- Beginning	134,171	69,426	203,597	17,459
Net Assets -- Ending	\$ 140,088	\$ 59,057	\$ 199,145	\$ 17,016

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Interfund Users	\$ 66,764	\$ 57,091	\$ 123,855	\$ 21,497
Receipts from Interfund Services	-	-	-	48,917
Payments to Suppliers	(23,311)	(52,140)	(75,451)	(24,621)
Payments to Employees	(18,651)	(113,888)	(132,539)	(33,490)
Payments for Interfund Services Used	(10,412)	(816)	(11,228)	(3,614)
Net Cash Flows Provided (Used) by Operating Activities	14,390	(109,753)	(95,363)	8,689
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	-	87,090	87,090	574
Transfers From Other Funds	97	19,048	19,145	4,382
Transfers (To) Other Funds	(2,758)	(284)	(3,042)	(2,387)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(2,661)	105,854	103,193	2,569
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Proceeds from Bonds	-	185	185	4,626
Capital Contributions	10,354	569	10,923	-
Principal Payment on Bonds	(8,630)	(2,027)	(10,657)	(5,114)
Interest Paid on Bonds	(8,664)	(950)	(9,614)	(1,592)
Payments on Capital Lease	(155)	-	(155)	(137)
Sale of Capital Assets	18	-	18	146
Acquisition of Capital Assets	(20,579)	(513)	(21,092)	(4,858)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(27,656)	(2,736)	(30,392)	(6,929)
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	1,417	-	1,417	-
Net Cash Flows Provided (Used) by Investing Activities	1,417	-	1,417	-
Net Increase (Decrease) in Cash and Cash Equivalents	(14,510)	(6,635)	(21,145)	4,329
Cash and Cash Equivalents at Beginning of Year	73,053	21,467	94,520	22,566
Cash and Cash Equivalents at End of Year	\$ 58,543	\$ 14,832	\$ 73,375	\$ 26,895
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Financed by Capital Leases	\$ -	\$ -	\$ -	\$ 1,590
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 5,407	\$ (117,280)	\$ (111,873)	\$ (4,184)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	14,107	12,819	26,926	7,663
(Increase) Decrease in Assets:				
Accounts Receivable	(1,898)	(81)	(1,979)	113
Other Receivables	-	355	355	-
Inventories	-	149	149	80
Prepaid Items	-	(38)	(38)	15
Other Post Employment Asset	-	(1,587)	(1,587)	-
Other Assets	-	(69)	(69)	-
Increase (Decrease) in Liabilities:				
Accounts Payable	89	193	282	(192)
Accrued Liabilities	(201)	432	231	(113)
Unearned Revenues	(5,559)	385	(5,174)	10
Compensated Absences	254	218	472	(266)
Risk Claims	-	(4,852)	(4,852)	1,578
Other Post Employment Benefits	2,191	-	2,191	3,985
Other Liabilities	-	(397)	(397)	-
Total Adjustments	8,983	7,527	16,510	12,873
Net Cash Flows Provided (Used) by Operating Activities	\$ 14,390	\$ (109,753)	\$ (95,363)	\$ 8,689

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008
(In Thousands)

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and Investments:		
US Government Securities	\$ 19,441	\$ -
Notes and Bonds	536,948	-
Federal Agency and Mortgage	53,469	-
Real Estate Investments Trust	31,828	-
Common and Preferred Stocks	478,931	-
Private Equity	18,074	-
Deposits	17,886	21,963
Total Cash and Investments	<u>1,156,577</u>	<u>21,963</u>
Receivables:		
Pension Trust Fund Contribution	35,350	-
Accrued Interest and Dividends	5,562	-
Other	1,336	-
Securities Lending	37,445	-
Other Assets	<u>5,068</u>	<u>-</u>
Total Assets	<u>1,241,338</u>	<u>21,963</u>
<u>Liabilities</u>		
Accounts Payable	-	125
Agency Deposits	-	21,838
Securities Lending	37,445	-
Other Liabilities	<u>6,079</u>	<u>-</u>
Total Liabilities	<u>43,524</u>	<u>21,963</u>
<u>Net Assets</u>		
Held in Trust for Pension Benefits	<u>\$ 1,197,814</u>	<u>\$ -</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
For the Year Ended December 31, 2008
(In Thousands)

	<u>Total</u>
Additions:	
Contributions:	
County of Milwaukee	\$ 34,841
Plan Participants	140
Total Contributions	<u>34,981</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value	(385,423)
Interest and Dividends	31,852
Other Income	921
Total Investment Income	<u>(352,650)</u>
Security Lending Income	2,391
Less: Security Lending Rebates and Fees	<u>(1,849)</u>
Net Security Lending Activity	<u>542</u>
Investment Expense	<u>(3,798)</u>
Net Investment Income (Loss)	<u>(355,906)</u>
Total Additions, Net of Losses	<u>(320,925)</u>
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(144,161)
Administrative Expenses	(3,588)
Withdrawal of Membership Accounts	<u>(23)</u>
Total Deductions	<u>(147,772)</u>
Change In Plan Net Assets	(468,697)
Plan Net Assets Held In Trust for Pension Benefits	
Beginning of Year	<u>1,666,511</u>
End of Year	<u>\$ 1,197,814</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF MILWAUKEE
Combining Statement of Net Assets
Component Units
December 31, 2008
(In Thousands)

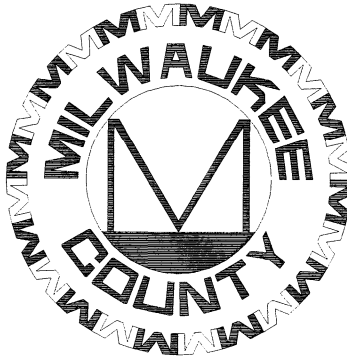
	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
<u>Assets</u>					
Current Assets:					
Cash and Investments	\$ 2,245	\$ 69	\$ 3,528	\$ 555	\$ 6,397
Accounts Receivable	1,829	-	135	178	2,142
Accrued Interest Receivable	-	-	1	-	1
Inventories	58	-	5	-	63
Prepaid Items	247	-	70	8	325
Total Current Assets	<u>4,379</u>	<u>69</u>	<u>3,739</u>	<u>741</u>	<u>8,928</u>
Noncurrent Assets:					
Long-Term Investments	1,873	-	1,888	1,731	5,492
Accounts Receivable	2,683	-	-	-	2,683
Other	212	-	403	-	615
Capital Assets (Net)					
Buildings and Improvements	19,221	-	19,390	-	38,611
Machinery, Vehicles and Equipment	10,619	-	1,901	-	12,520
Less: Accumulated Depreciation	<u>(10,674)</u>	<u>-</u>	<u>(10,773)</u>	<u>-</u>	<u>(21,447)</u>
Total Capital Assets (Net)	19,166	-	10,518	-	29,684
Total Noncurrent Assets	<u>23,934</u>	<u>-</u>	<u>12,809</u>	<u>1,731</u>	<u>38,474</u>
Total Assets	<u>\$ 28,313</u>	<u>\$ 69</u>	<u>\$ 16,548</u>	<u>\$ 2,472</u>	<u>\$ 47,402</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	\$ 749	\$ -	\$ 88	\$ 93	\$ 930
Accrued Liabilities	662	-	297	4	963
Accrued Interest Payable	55	-	-	-	55
Unearned Revenues	879	-	752	-	1,631
Bonds and Notes Payable	119	-	234	25	378
Capital Leases	22	-	14	-	36
Other Current Liabilities	-	-	69	67	136
Accrued Pension and Postretirement Benefits	80	-	-	50	130
Total Current Liabilities	<u>2,566</u>	<u>-</u>	<u>1,454</u>	<u>239</u>	<u>4,259</u>
Noncurrent Liabilities:					
Bonds and Notes Payable	16,457	-	520	83	17,060
Capital Leases	36	-	43	-	79
Other Noncurrent Liabilities	-	-	1,906	-	1,906
Accrued Pension and Postretirement Benefits	8,052	-	-	-	8,052
Total Noncurrent Liabilities	<u>24,545</u>	<u>-</u>	<u>2,469</u>	<u>83</u>	<u>27,097</u>
Total Liabilities	<u>27,111</u>	<u>-</u>	<u>3,923</u>	<u>322</u>	<u>31,356</u>
<u>Net Assets</u>					
Unrestricted (Deficit)	(9,673)	-	2,890	1,968	(4,815)
Restricted	8,321	69	14	182	8,586
Invested in Capital Assets, Net of Related Debt	2,554	-	9,721	-	12,275
Total Net Assets	<u>1,202</u>	<u>69</u>	<u>12,625</u>	<u>2,150</u>	<u>16,046</u>
Total Liabilities and Net Assets	<u>\$ 28,313</u>	<u>\$ 69</u>	<u>\$ 16,548</u>	<u>\$ 2,472</u>	<u>\$ 47,402</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF MILWAUKEE
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Component Units
For the Year Ended December 31, 2008
(In Thousands)

	<u>Museum</u>	<u>War Memorial Center</u>	<u>Marcus Center</u>	<u>Research Park Corporation</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
County Program Support	3,503	1,748	1,280	-	6,531
Charges for Services:					
Contributions and memberships	14,395	65	481	56	14,997
Other	4,489	247	5,514	77	10,327
Interest on Investments and Rents	507	726	2,753	157	4,143
Other	1,018	89	601	150	1,858
Total Revenues	<u>23,912</u>	<u>2,875</u>	<u>10,629</u>	<u>440</u>	<u>37,856</u>
Expenses:					
Public Works and Highways	-	-	-	1,156	1,156
Parks, Recreation and Culture	13,782	2,874	10,546	-	27,202
Total Expenses	<u>13,782</u>	<u>2,874</u>	<u>10,546</u>	<u>1,156</u>	<u>28,358</u>
Changes in Net Assets	10,130	1	83	(716)	9,498
Net Assets -- Beginning	(8,928)	68	12,542	2,866	6,548
Net Assets -- Ending	<u>\$ 1,202</u>	<u>\$ 69</u>	<u>\$ 12,625</u>	<u>\$ 2,150</u>	<u>\$ 16,046</u>

The notes to the financial statements are an integral part of this statement.



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Milwaukee County
Notes to the Financial Statements
December 31, 2008
(Amounts Expressed in Thousands)

Note 1-Summary of Significant Accounting Policies

The County of Milwaukee, Wisconsin (the "County") incorporated in 1835, is a governmental entity established by laws of the State of Wisconsin and has the power of a body corporate, as defined by s. 59.01 of the statutes of the State of Wisconsin. The Board of County Supervisors (the "Board") governs the County. The Board consists of nineteen members who are elected by the citizens of Milwaukee County. The County also elects seven principal officials who are the County Executive, the County Treasurer, the District Attorney, the County Clerk, the Clerk of Courts, the Sheriff and the Register of Deeds.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In fiscal year 2008, the County implemented GASB Statement No. 49 - *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on accounting and financial reporting for pollution (including contamination) remediation obligations, which result from remediation activities to address existing pollution problems. Pollution *prevention or control* activities with respect to current operations are excluded from this Statement. Future pollution remediation activities required upon retirement of an asset, such as landfill closure, are addressed under previous statements. Please see Note 8 on pages 111-121 for further information regarding the County's Pollution Remediation Obligations.

In fiscal year 2008, the Milwaukee County Employee Retirement System (ERS) implemented provisions of GASB Statement No. 50 - *Pension Disclosures, and Amendment of GASB Statements No. 25 and No. 27*. This statement requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuation on which reported information about the Annual Required Contribution (ARC) and the funded status and progress are based. The schedules of funding progress present multiyear information about whether the

Note 1-Summary of Significant Accounting Policies (Continued)

actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The pension disclosures are located in Note 15 on pages 135-142.

A. The Reporting Entity

The County complies with the provisions of GASB Statement No. 14 and GASB Statement No. 39 in defining the reporting entity and its component units. As defined by GASB Statement No. 14, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable for the organization if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County may also be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. In addition, GASB Statement No. 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government, or its component units, is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

As required by generally accepted accounting principles (GAAP) and based on the criteria stated in the above paragraph, the financial statements of the reporting entity include those of Milwaukee County, the primary government, and its four major component units, which are discretely presented.

Component Units

There are two ways to report component units; blended component units and discretely presented component units. Blended component units are legally separate entities that are in substance part of government operations, as they either have governing bodies that are substantively the same as the board or

Note 1-Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

they provide their services exclusively or almost exclusively to the government. There are no blended component units reported by Milwaukee County.

Discretely presented component units are legally separate entities, which do not meet the criteria for blending. Discretely presented component units are presented as a separate column in the government-wide financial statements and individually in the combining statements for component units in the fund financial statements to emphasize that they are legally separate. As stated above, the County has four major discretely presented component units, which are described below.

The Milwaukee County War Memorial Center, Inc ("The War Memorial Center") is a non-profit organization whose purpose is to operate and maintain the War Memorial Center and the Charles Allis/Villa Terrace Art Museums. The Center also provides services to the Milwaukee Art Museum. The governing board of the Center consists of fifteen members who oversee the day-to-day operations. The County Executive appoints four board members. The Board of County Supervisors appoints four other board members. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center's governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center's financial support, thus it has the ability to impose specific financial burdens on the County. The War Memorial Center has a December 31st year-end.

The Marcus Center for the Performing Arts ("Marcus Center") is a not-for-profit non-stock corporation that offers facilities and services to a wide range of performing arts within the state. This cultural center is home to the Milwaukee Symphony Orchestra, the Milwaukee Ballet Company, the Milwaukee Youth Symphony Orchestra, the Florentine Opera Company, First Stage Milwaukee and other special arts groups within the state. The governing body of the Marcus Center consists of a twenty-five member Board of Directors. The County Executive appoints seven board members. The Board of Directors provides oversight and governance for the Marcus Center. The President and CEO oversee the day-to-day operations. The Marcus Center is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Marcus Center (the building) and the majority of the Marcus Center's debt has been issued by Milwaukee County, therefore the Marcus Center has imposed specific financial burdens on the County. The Marcus Center has a fiscal year ending December 31st.

Note 1-Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

The Milwaukee Public Museum, Inc ("The Museum"), is a non-profit natural history museum, whose purpose is to preserve and protect the collections of the museum and to educate the public through exhibits and research into natural history. The governing body of the Museum consists of a twenty-seven member Board of Directors who oversees the day-to-day operations. The Museum Board appoints 18 members, the County Executive appoints five members, and the County Board Chairman appoints four members. The Museum is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Museum (the building and the artifacts) and because the County provides a significant amount of financial support to the Museum. As a result, the Museum has the ability to impose specific financial burdens on the County. The Museum building is not included in the Museum's capital assets reported on the Component Unit Statement of Net Assets. It is included in the County's Governmental Activities Statement of Net Assets. The Museum has a fiscal year ending August 31st.

The Milwaukee County Research Park Corporation, ("The Corporation") is a non-stock, non-profit organization whose purpose is to advance the economic and social interest of the community. The Corporation was formed solely for the purpose of developing a research and technology park on parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes. The governing body of the Corporation consists of a fifteen-member board. The County Executive appoints ten of the members and the County Board Chairman appoints five members. The Corporation is presented as a discretely presented component unit because the County appoints all of the members of the governing board and therefore has the ability to impose its will on the Corporation and because the economic resources held by the Corporation were contributed to the Research Park by the County for the direct benefit of the County and its constituents. The Corporation has a fiscal year ending December 31st.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices listed below.

Milwaukee County War Memorial Center
750 North Lincoln Memorial Drive
Milwaukee, WI 53202

Marcus Center for the Performing Arts
929 North Water Street
Milwaukee, WI 53202

Note 1-Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units (Continued)

Milwaukee Public Museum, Inc
800 West Wells Street
Milwaukee, WI 53233

Milwaukee County Research
Park Corporation
10437 Innovation Drive
Wauwatosa, WI 53226

Related Organizations

The County Executive of the County is responsible for appointing the members of the board of the following organization, but the County's accountability for this organization does not extend beyond making the appointments.

Milwaukee County Federated Library System- The County Executive appoints the seven-member board. One board member is required to be a County Board Supervisor. In accordance with State Statute s. 43.15, it is a co-operative of the fifteen public libraries within Milwaukee County. The system allows for cross border borrowing, in exchange for technological services.

B. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1-Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds, proprietary funds, component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County applies GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," when accounting for and reporting intergovernmental revenue transactions. The governmental fund financial statements report these revenues when entitlements to those resources have occurred and all grant requirements have been met. In the government-wide and proprietary fund financial statements these revenues are recognized when entitlement to the resources have occurred and grant requirements have been met, regardless of the timing of the revenues. State shared revenues are recognized as revenues in the governmental funds when the County is entitled to these funds. Intergovernmental grants received for proprietary fund operating

Note 1-Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

purposes, or which may be utilized for either operations or capital expenditures at the discretion of the County, are recognized as non-operating revenues in the accounting period in which they are earned. Intergovernmental grants restricted for the acquisition or construction of capital assets in the proprietary funds are recorded as a component of income.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County considers intergovernmental revenues to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes, intergovernmental revenues, sales taxes, investment income, rents, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures and all other revenue items are considered to be measurable and available only when the county receives cash. Uncollected property taxes of municipalities within the County are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County uses a four-month availability period for these receivables of \$ 15,850.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1-Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Proprietary Funds

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The enterprise fund activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Proprietary fund operating expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and non-capital financing activities and investing activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds from long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Fiduciary Funds

The County uses fiduciary funds to account for assets held in a trustee or agency capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognize receivables and payables.

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation

The County has presented the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund accounts for the resources segregated for the acquisition or construction of major capital facilities.

The County has presented the following major proprietary funds:

The Airports Fund accounts for the operations of General Mitchell International and Timmerman Airports. Airport passenger facility charges and related capital expenditures are not accounted for in the airport's enterprise fund but are accounted for as a special revenue fund.

The Transit System Fund accounts for the activities of the Milwaukee County Transit System and the Paratransit System. The Transit System provides public transportation in the Milwaukee metropolitan area and is managed by Milwaukee Transport Services, Inc.; a private non-profit corporation. The Paratransit System is also operated by Milwaukee Transport Services, Inc., to provide transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

The County has presented the following non-major funds and other fund types:

Special Revenue Funds account for endowments, bequests and restricted donations to the County and passenger facility charges of the Airport, where the principal may be expended in the course of their designated operations. The specific purpose of each fund is as follows:

Zoo- Purchase of animals and maintenance of the miniature passenger railroad.

Parks- Enhancement of the Todd Wehr Nature Center and maintenance of parks and pathways.

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Persons with Disabilities- Special projects to help free disabled persons from environmental and attitudinal barriers.

Behavioral Health Division- Mental health research, patient activities, special events, and sick leave payouts for employees who retire from the Behavioral Health Division.

Airport – established for the collection of Federal Aviation Administration (FAA) approved passenger facility charges to be used for capital projects at the Airport. In addition, a trust is maintained in this fund to secure a pledge by the County for debt repayment of certain debt of local airlines.

Health and Safety- established for Risk Management to work with the countywide safety committee to address safety issues. It also funds costs associated with new employee health screenings.

Internal Service Funds account for services provided to other departments and agencies of the government. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.

The Pension Trust Fund accounts for activities of the Employees' Retirement System and OBRA 1990 Retirement System of the County of Milwaukee. This fund accumulates resources for pension benefit payments to qualified Milwaukee County employees. Substantially all full and part-time employees of the County participate in these single-employer defined benefit plans.

Agency Funds are custodial in nature and are used to account for resources held by the County as an agent for individuals, private organizations and other governmental units. The significant agency fund within the County is the Civil Court-ordered Family Support/ Payments.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

To facilitate cash management of the County's resources, cash and investments are pooled in common accounts. All cash and investments pooled in common accounts are considered cash equivalents for the purposes of the statements of cash flows. The cash and investment balance in each fund, except for certain Special Revenue, and Agency Funds, and certain cash accounts of the Airports Fund and Transit Fund represent the equity in these pooled resources.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

Substantially all of the deposits and investments of the Agency Funds are held separately from those of other County funds. The Airports Fund holds certain reserves under Revenue Bond restrictions separately. A portion of cash and investments in the Transit Fund are held in a separate account with Milwaukee Transport Services, Inc., a non-profit corporation. The resources of the Special Revenue, Trust funds, and Agency funds are restricted and are not available to the County to finance its operations.

Statutes authorize the County to invest in State-authorized financial institution time deposits that mature in not more than three years, bonds or securities issued or guaranteed as to principal and interest by the Federal government, bonds or securities of any municipality of the State, securities that mature not more than ten years from the date on which the security was acquired and which has a rating in one of the two highest categories assigned by a nationally-recognized rating agency, repurchase agreements secured by funds or securities issued or guaranteed as to principal and interest by the Federal government, and local government pooled investment funds. In addition, the Pension Board, as administrator of the Pension Trust Fund, is authorized to invest in all types of investments deemed appropriate.

All investments are stated at fair value including investments in the Pension Trust fund.

2. Receivables

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Milwaukee County has no "Advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds".

Amounts due from private individuals, organizations or other governments, which pertain to charges for services rendered by County departments are reported as accounts receivable. Receivables are reviewed periodically to establish or update the allowance for doubtful amounts. All trade receivables for the Business-type funds are shown net of an allowance for uncollectibles.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables (Continued)

Property tax receivables represent the taxes levied on or before December 31; the lien date. Taxes are recognized in the governmental funds as revenue in the year when they are available to finance county services. Since these property tax receivables are not available for the current fiscal year, they are fully reflected as deferred revenues.

Property taxes are levied based on the equalized value, which is computed from January 1, the assessment date, of all general property located in the County. The equalized value excludes tax incremental financing districts. The taxes are due on the last day of January but may be paid in two or more installments, depending on local ordinance.

Delinquent property tax receivable is comprised of the unpaid property taxes the County purchases from other taxing authorities, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement and are reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold, at the unpaid balance, to the City each year.

Interest is earned on investments and delinquent property taxes. Accrued interest at the end of the year on delinquent taxes, that is not collectable within sixty days are reflected as deferred revenue in the governmental funds.

3. Inventory and Prepaid Items

Inventories are valued at average cost or current cost, which approximates the first-in/first-out (FIFO) method. Inventories in the governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. Restricted Assets (Continued)

their use is limited by applicable bond covenants. At the end of 2008, these restricted assets were \$ 17,433. As stated earlier (see item 1 under section D in the notes), the Special Revenue and Agency funds are also restricted resources and are not available to the County to finance its operations. The Airport Revenue Bond Interest and Principal Account is used to segregate resources accumulated for the semi-annual debt service payments. The Airport Revenue Bond Debt Service Reserve Account is used to report resources set aside to make up for any future deficiencies that may occur in the Airport Revenue Bond Principal and Interest Account. In addition, Airport revenue bond covenants require that fund equity be reserved for Debt Coverage, and Operations and Maintenance Reserves. The Debt Coverage Reserve Account and the Operations and Maintenance Reserve Account are used to report resources set aside to subsidize potential deficiencies from the Airport operation that could adversely affect debt service payments. When both restricted and unrestricted resources are available to make certain payments, the County uses unrestricted resources to liquidate payments. Restricted Airport passenger facility charges totaled \$ 28,177 at the end of 2008.

In addition, at the end of 2008, the Airport had \$ 11,142 of 2004, 2005, 2006 and 2007 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted \$ 5,905 of contributed assets for a \$ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$ 4,900 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund.

Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department on Aging Care Management Organization, the County is required to restrict cash of \$ 6,142. This restricted cash is for a working capital reserve, restricted reserve and a solvency reserve under the contract.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets

Government-wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$ 2,500 (two thousand five hundred dollars) and an estimated useful life in excess of one year. The exception to this is for purchases of data processing equipment in which the initial individual cost has to be more than \$ 1,000 (one thousand dollars). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets received as gifts or donations are recorded at estimated fair market value at the time of receipt.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized at cost when purchased or constructed and updated for the cost of additions and retirements during the year.

Property, plant, equipment, and infrastructure of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Land Improvements	20-25
Vehicles	5-12
Office Equipment	5-10
Building Improvements	20
Infrastructure	20
Computer Equipment	5

The County owns a collection of zoo animals and a collection of museum historical artifacts. The County's collection of zoo animals and museum historical artifacts meet the definition of a capital asset and normally should be capitalized and reported in the financial statements. However, the requirement of capitalization is waived for collections meeting all of the following conditions, 1) the collection is held for reasons other than financial gain. 2) The collection is